

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014039707901**

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Monica Arreola Perez ("Perez" or "Respondent"), Respondent
Investment Company and Variable Contracts Products Representative
CRD No. 5103164

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Perez hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

Perez joined the securities industry in February 2005, when she became associated in a non-registered capacity with a non-FINRA-registered financial services company and affiliate of PFS Investments, Inc. (the "Firm"). In February 2006, Perez became associated with the Firm in a non-registered capacity. In September 2007, the Firm terminated Perez's association because she allowed her FINRA examination window for securities registrations to expire.

In January 2009, the Firm renewed Perez's association, and she thereafter obtained the following securities licenses: Uniform Securities Agent (Series 63) in September 2009 and the Investment Company and Variable Contracts Products Representative (Series 6) in July 2010. Perez is still associated with the Firm.

RELEVANT DISCIPLINARY HISTORY

Perez has no prior disciplinary history.

OVERVIEW

In June 2011, Perez improperly borrowed \$5,000 from a Firm customer. Firm policies and procedures expressly prohibited its registered representatives from borrowing money from any customer. As a result, Perez violated FINRA Rules 3240 and 2010.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 3240 prohibits registered persons from borrowing money from a customer unless the employing firm has written procedures allowing such activity and the borrowing arrangement meets one of five conditions: (1) the customer is a member of the associated person's immediate family; (2) the customer is engaged in the business of lending money; (3) the customer is an associated person or registered representative of the same firm; (4) the lending arrangement is based on a personal relationship outside the broker/customer relationship, and the loan would not have been made but for that relationship; and (5) the loan is based on a business relationship outside the broker/customer relationship.

A. Firm Policies and Procedures Prohibited Borrowing from Customers

Firm policies and procedures in effect from June 1, 2011 through July 31, 2014 (the "Relevant Period") expressly prohibited registered representatives from borrowing money from any Firm customer. During the Relevant Period, Perez received periodic compliance bulletins and newsletters that reiterated the Firm's prohibitions on borrowing and specified that borrowing was prohibited even from customers who were also family and friends.

B. Perez Borrows \$5,000 from a Customer

During May 2011, Firm Customer RQ opened a brokerage account at the Firm. Perez and RQ had maintained a personal relationship prior to the opening of RQ's account. In June 2011, Perez borrowed \$5,000 from RQ for the purchase of a car and executed an installment note detailing the terms of the loan repayment. Perez has only repaid \$1,000 of the loan, although the Firm has fully repaid RQ.

During the Relevant Period, Perez never sought pre-approval from the Firm to borrow money from any Firm customer. Moreover, on three occasions -- in December 2011, January 2013, and November 2013 -- Perez falsely acknowledged on the Firm's annual compliance questionnaires that she had not borrowed money from any Firm customer; that she had read and understood the Firm's compliance manual; and that she had agreed to comply with the policies and procedures contained therein.

By improperly borrowing money from a Firm customer, Perez violated FINRA Rules 3240 and 2010.

B. Perez also consents to the imposition of the following sanctions:

- A one-month suspension from association with any FINRA member in any capacity.

Respondent has submitted a sworn financial statement and demonstrated an inability to pay. In light of the financial status of Respondent, no monetary sanctions have been imposed.

Perez understands that if she is barred or suspended from associating with any FINRA member, she becomes subject to a statutory disqualification as that term is defined in Article III, Section 4 of FINRA's By-Laws, incorporating Section 3(a)(39) of the Securities Exchange Act of 1934. Accordingly, she may not be associated with any FINRA member in any capacity, including clerical or ministerial functions, during the period of the bar or suspension (see FINRA Rules 8310 and 8311).

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Perez specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against her;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Perez specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Perez further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA

Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Perez understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against her; and
- C. If accepted:
 - 1. this AWC will become part of her permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against her;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about her disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. Perez may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. She may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects her: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Perez may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. She understands that she may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Perez certifies that she has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that she has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce her to submit it.

10/28/2014
Date (mm/dd/yyyy)

Monica A. Perez
Respondent Monica Arreola Perez

Reviewed by:

Brett A. Rogers, Esq.
Counsel for Respondent
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Accepted by FINRA:

12/19/2014
Date

Signed on behalf of the
Director of ODA, by delegated authority

Susan Light by KCP 12/19/2014
Susan Light
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